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April 29, 2002

Via Hand-Delivery

K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

**Re: Petition of Chattanooga Gas Company for Approval of Change in
Purchase Gas Adjustment
Docket No. 02-00383**

Dear Mr. Waddell:

Enclosed you will find the original and thirteen copies of Chattanooga Gas Company's responses to Data Request #2 from the TRA staff, dated April 23, 2002.

Please contact me if you have any questions.

Sincerely,



D. Billye Sanders
Attorney for Chattanooga Gas Company

DBS:kwr
Enclosures

cc: Hal Novak
Archie Hickerson
Earl Burton

CHATTANOOGA GAS COMPANY
Experimental Fixed Rate PGA (Docket 02-00383)
Tennessee Regulatory Authority Staff Data Request No. 1

Item 1

Some gas distributors offer a fixed rate to customers on an optional basis. Would Chattanooga be willing to offer an optional fixed rate?

Response:

The Company objects to the form of the question because it calls for conclusions based on evidence that is not in the record. Nevertheless, without removing its objection, the Company states that it is not aware of any distributors in either Tennessee or the Southeast that offer a fixed rate to its customers on an optional basis.

As stated on Page 5 of Mr. Buie's direct testimony, the Company did examine the feasibility of offering its proposed Fixed Rate PGA on an optional basis to its Residential and Commercial customers. Our examination revealed that the cost of changing our computer billing system to manage those customers who chose a fixed rate and others that chose to remain on a variable rate, as well as costs for additional call center staffing and training, would be prohibitive for the Company. As such, the Company is not able to offer an optional fixed rate to its customers at this time.

CHATTANOOGA GAS COMPANY
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Item 2

According to CGC's market research, 2/3 of the customers are either indifferent or in favor of the fixed rate program. What percentage of CGC's customers are either indifferent or opposed to the program?

Response:

As shown on Page 6 of Ms. Wright's Report attached to her direct testimony, the actual opinions of the focus group panelists to the Company's proposed Fixed Rate PGA can be broken down as follows:

In favor	11.5 or 37%;
Indifferent	10 or 32%;
Against	9.5 or 31%.

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Item 3

In the formula that the company uses to calculate the fixed rate, the Company included the pipeline transportation rate. Is this transportation rate the pipeline tariff rate or the actual rate paid for transportation?

Response:

The transportation rate included in the formula is the actual rate paid to the interstate pipelines, which already reflects a discount from their regular tariff rate.

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Item 4

Why does the company request a fixed rate when it is reasonably clear that the majority of CGC's customers do not want it or are indifferent toward it?

Response:

As stated in the Company's Petition, Chattanooga Gas requested approval for its proposed Fixed Rate PGA in response to the TRA's inquiries of all gas utilities regarding volatile gas prices for each of the last two years. These inquiries were prompted by a large number of customer complaints to both the TRA and the gas distribution utilities that it regulates, over the volatility of natural gas prices. The Company's proposed Fixed Rate PGA will remove gas price volatility and will provide our customers with a degree of price certainty on the gas they consume.